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REVELSTOKE COMPANIES LTD.
ANNUAL REPORT 1977

WHAT IS REVELSTOKE

Revelstoke's most significant business consists of 106 stores located throughout western Canada, serving primarily retail customers as well as tradesmen and builders. These stores are referred to as "home improvement centres" as each one represents a combination hardware store, lumber yard, home decorating centre, building material dealer, carpet store and supplier of electrical, plumbing and heating equipment. In essence, what were once lumber yards have now evolved into stores that offer one stop shopping for customers wishing to complete any type of home building, decorating or repair project.

The Company is also in the business of producing redi-mix concrete with 20 plants in Alberta, Saskatchewan and British Columbia, and in the lumber manufacturing business with three mills in Alberta and one mill in British

Columbia. The principal customers of the concrete plants are builders, government agencies, homeowners and farmers. While a majority of the lumber produced by the mills is either sold in Canada or exported to the United States, the mills also serve as a major source of supply for Revelstoke's own stores.

The Company's retail, concrete and lumber businesses are organized into three operating "Divisions" which are closely related to one another in terms of integrated management, common customers and inter-company sales. First and foremost, however, Revelstoke is an organization of men and women committed to attracting, satisfying and retaining customers who build for themselves and others. The existence and success of the Company is based upon its ability to excel in serving customers through having the best people available in the industry.

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1977 AT A GLANCE

FOR THE YEAR ENDED DECEMBER 31

		Change 1977-1976	1977	1976
TOTAL DOLLARS:				
Sales	+	2.9%	\$153,274,877	\$148,901,812
Pre Tax Earnings	-	9.3%	\$ 7,319,828	\$ 8,072,350
Income Taxes on Earnings	-	20.8%	\$ 2,931,114	\$ 3,700,993
Net Earnings for Shareholders	+	1.6%	\$ 4,385,533	\$ 4,317,710
Cash Flow	-	13.5%	\$ 5,328,045	\$ 6,162,337
Common Share Dividends Paid	+	5.7%	\$ 512,788	\$ 485,218
Earnings Retained & Reinvested	+	1.0%	\$ 3,753,112	\$ 3,710,806
Capital Expenditures	+	47.8%	\$ 3,568,800	\$ 2,414,616
PER SHARE:				
Sales	+	2.2%	\$ 38.99	\$ 38.13
Earnings	+	0.9%	\$ 1.09	\$ 1.08
Cash Flow	-	13.9%	\$ 1.36	\$ 1.58
Common Dividends Paid	+	4.0%	\$ 0.13	\$ 0.125
Earnings Retained & Reinvested	+	1.1%	\$ 0.96	\$ 0.95
PERFORMANCE MEASUREMENTS:				
Asset Turnover (Sales ÷ Assets)			2.01	2.40
Return on Sales (Net Earnings ÷ Sales)			× 2.86%	× 2.90%
Return on Assets (Net Earnings ÷ Assets)			= 5.76%	= 6.96%
Leverage Factor (Assets ÷ Equity)			× 2.92	× 2.80
Return on Shareholders' Equity (Net Earnings ÷ Equity)			= 16.85%	= 19.50%

Earnings per share are calculated after deducting preferred dividends and are based on the weighted average number of shares outstanding during the year. Capital expenditures are less the proceeds of asset disposals during the year.

Performance measurements are calculated using the asset and shareholders' equity balances as at the beginning of each year.

PRESIDENT'S REPORT

1977 HIGHLIGHTS

- Revelstoke's total sales were \$153,275,000 compared with \$148,902,000 in 1976.
- Earnings were \$4,386,000 or \$1.09 per share compared with \$4,318,000 or \$1.08 per share in the prior year. The earnings figures for 1977 include the 3% inventory tax allowance which amounted to \$472,000.
- The Company's earnings performance was adversely affected by the federal government's anti-inflation controls which forced Revelstoke to dispose of "excess revenues" and take steps throughout the year to avoid generating further excess revenues as defined by the Anti-Inflation Board.
- Dividends were \$.13 per common share compared with \$.125 in 1976.
- A substantial majority of the Company's sales and earnings continued to be generated by Revelstoke's operations throughout Alberta.
- The Retail Division contributed 73.8% of the Company's sales, the Concrete Division 18.3% and the Lumber Division 7.9%.

REVIEW OF 1977

Considering that Revelstoke generated increases in 1976 of 60% in sales and 71% in earnings, the year 1977 could be viewed as a much needed "breather," especially in view of the need for the Company to digest many of the extensive operational and management changes made over the past five years.

Revelstoke's sales in Alberta registered a significant increase but this was offset by sharp reductions in sales at the Company's largest stores in British Columbia and by declines in sales in Manitoba and Saskatchewan, resulting primarily from the weak agricultural economy. Sales in the Retail Division were also

influenced by an emphasis on improving gross margins as opposed to maximizing market share.

The Company's earnings performance in all three Divisions was adversely affected by having to dispose of "excess revenues" as dictated by the Anti-Inflation Board. Measures also had to be taken throughout the year to avoid generating additional excess revenues. As the Company filed compliance plans with the Anti-Inflation Board on a subsidiary by subsidiary basis, it was not possible to offset increases in earnings in certain segments of the Company's operations with those that recorded declines in earnings. The negative impact of the anti-inflation controls was especially severe in the fourth quarter. Taking in account both the direct and indirect consequences, the decline in profits stemming from this factor was almost as great as the benefit the Company received from the 3% inventory allowance against taxable income in 1977.

Revelstoke's Retail Division continued to contribute the majority of the Company's sales and earnings. Compared with the prior year, retail sales increased in Alberta but declined in the other provinces, particularly in the case of sales to professional customers and builders in British Columbia. Retail earnings were lower than the previous year, again principally in British Columbia. Although the Concrete Division recorded a slight increase in sales, earnings decreased primarily as a result of increased competition in certain markets.

The Company's Lumber Division generated a modest profit in 1977 compared with a substantial operating loss in 1976. The turnaround in this Division resulted more from the economies of scale stemming from operating at close to full capacity than from the higher lumber prices which occurred in the latter part of the year.

FINANCIAL POSITION

Revelstoke's total assets increased in 1977 to \$80,224,000 compared with \$76,095,000 at the end of 1976. During the year, shareholders' equity increased to \$30,218,000 compared with

\$26,021,000 at the end of the prior year. The Company's working capital position also increased to \$25,159,000 at the end of 1977 compared with \$17,897,000 a year earlier.

In 1977 Revelstoke's capital expenditures amounted to \$6,257,000 compared with \$3,030,000 in 1976. During 1977, the Company also financed the purchase of \$2,081,000 of mobile equipment and the construction of a new store in Kelowna for \$2,130,000 through sale and leasebacks. This is in accordance with Revelstoke's policy of financing its mobile equipment and larger new stores by way of sale and leasebacks.

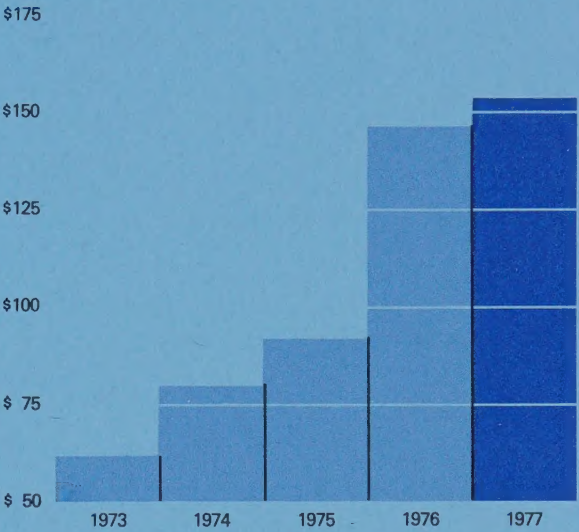
To support the Company's capital expenditure program, Revelstoke completed a private placement on June 15, 1977 for \$7,000,000 of 10% 20 year Series 2 Sinking Fund Debentures. The Company is considering a similar private placement financing of long-term debt within the next one or two years. At the present time there are no plans for any financings involving dilution on the part of Revelstoke's shareholders.

OUR PEOPLE

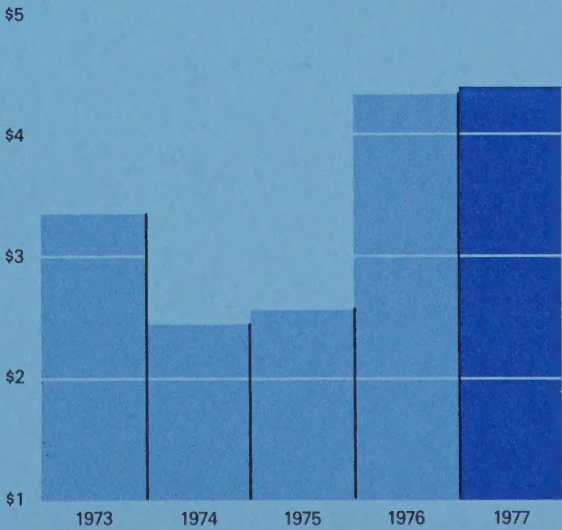
The continued success of Revelstoke is dependent upon the spirit and commitment of our people throughout the Company. At Revelstoke we disdain the existence of a "we and they" attitude between our employees and the management or between our employees and shareholders. In every respect we are in partnership together and that means working closely with one another to do the best possible job of serving our customers. It also means sharing in the benefits of having a Company which is growing and is striving for industry leadership.

We do not believe in relying upon a personnel or employee relations department to keep the best interests of our employees in mind. At Revelstoke, everyone in a management position is first and foremost in the personnel business. In this time of corporate anonymity and employee alienation, we try to emphasize a highly personalized style of management where every individual counts

TOTAL SALES
(Millions of Dollars)



NET EARNINGS
(Millions of Dollars)



and where every job is regarded as being meaningful to the overall success of our Company.

One of Revelstoke's principal goals is to create an environment that stimulates personal development and offers the scope for maximum advancement for the members of the Company. Secondly, we place a high emphasis on training programs and on promoting from within Revelstoke wherever possible. In addition, we believe that it is important for the Company's employees to have fun working together and to enjoy being a part of "the Revelstoke Family." We recognize that individuals only excel in their work when they take pleasure and pride in what they are doing.

In 1973 Revelstoke initiated an Employee Savings and Stock Purchase Plan, giving salaried employees the opportunity to purchase the Company's common shares on a basis whereby for every \$2 contributed by employees to the plan, the Company contributes \$1. The plan is administered by a Trust Company which purchases the shares through the Toronto Stock Exchange. The purpose of the plan is to encourage as many employees as possible to become shareholders of the Company and thereby gain further benefits from the future success of Revelstoke. Approximately 50% of all eligible salaried employees are currently participating in the plan.

OUR MARKETS

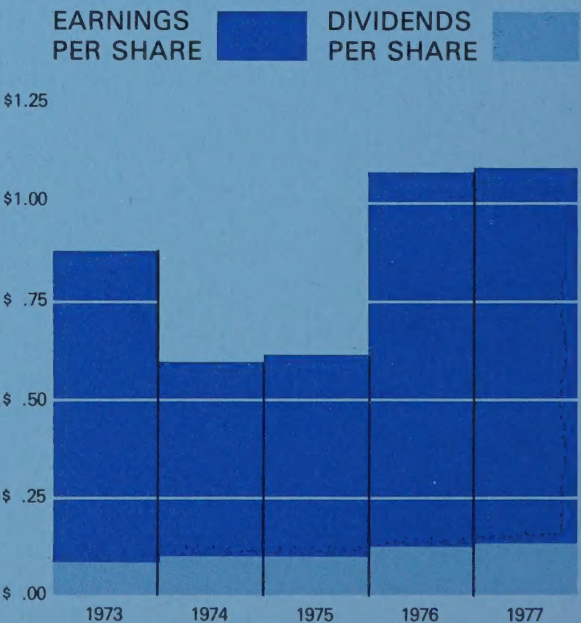
In 1977 approximately 57.1% of Revelstoke's total sales were generated in Alberta, 23.0% in British Columbia and 19.9% in Manitoba and Saskatchewan. Alberta, the Company's most significant market, is likely to experience above average prosperity over the next decade compared with any other region in Canada. Revelstoke's extensive coverage of Alberta is demonstrated by the fact that we operate in over 50 communities throughout the province with 54 stores, 14 concrete plants and 3 lumber mills.

The Company's second largest market, British Columbia, experienced difficult economic conditions in almost every market

where Revelstoke is located with the exception of the Peace River area in northeastern B.C. The decline in construction activity in that province happened to be especially severe in many of the communities where Revelstoke has stores which cater to builder customers. The economy in Manitoba and Saskatchewan suffered in 1977 from drought conditions and low grain prices. It is anticipated that business in these three provinces will show some improvement in 1978, apart from residential construction in British Columbia which probably will continue in the doldrums.

INFLATION AND GOVERNMENT CONTROLS

Unit sales prices in the Company's Retail and Concrete Divisions experienced modest increases in 1977 with competitive conditions being much more of a factor in holding down industry-wide prices than the anti-inflation controls. While lumber prices made significant gains in the latter part of the year, in Revelstoke's case this was offset to a large extent by the higher proportion of low grade material being produced and shipped.



With the Retail Division representing by far the largest proportion of the Company's total operations, the impact of inflation on the price of our principal retail products is closely monitored on a month to month basis. Taking a representative selection of the items sold in the stores, it is estimated that the cost of Revelstoke's merchandise increased approximately 6.6% in 1977.

Revelstoke must comply with the federal government's prices and incomes controls through to the end of 1978 with respect to employee compensation, profit margins and dividends. It is impossible to defend the government's policy of imposing the type of wage controls which inhibit the Company from fully rewarding our key employees who receive bonuses based on the profitability of their operations in accordance with compensation plans that were long established prior to the imposition of these controls. The same applies to those provisions which restrict the earnings of companies irrespective of whether the increase in earnings resulted from increased productivity. The controls are especially inequitable in the case of Revelstoke's lumber mills which are cyclical and sell products priced on the basis of international supply and demand.

OUTLOOK FOR 1978

The market environment for Revelstoke's three Divisions in 1978 should be more positive than in the prior year. The first priority of the Company's management is to translate these favourable business conditions into a higher level of earnings and return on investment than was the case in 1977. Through the opening of additional stores and competitive pricing, we are also going to drive aggressively for an improvement in our market share in western Canada.

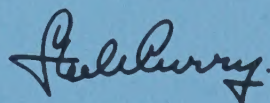
At the last Board Meeting, the Directors approved an increase in the semi-annual common share dividend paid on April 1, 1978 to \$.09 per share compared with the \$.06¼ paid last October 1. The rise in the dividend is in accordance with Revelstoke's policy of

paying out approximately 20% of the prior year's earnings in dividends.

At the beginning of this year, the Company purchased the minority interest in Revelstoke-Lafarge Ltd. Similarly, last June Revelstoke purchased the minority interest in Eccott Builders Supply Ltd. At the present time the Company owns 100% of all its subsidiaries.

The Board of Directors and management appreciate the contribution made by James R. Swartz who recently resigned as a Director of Revelstoke. During 1977, Brian A. Harris was appointed to the newly created position of Assistant Secretary-Treasurer.

On behalf of the Board of Directors and shareholders, I wish to thank all of Revelstoke's employees for their efforts and dedication in the past year. In addition, all of us at Revelstoke thank our customers, suppliers and friends for their support and confidence throughout 1977.



STEELE CURRY
President

April 13, 1978

RETAIL DIVISION

1977 HIGHLIGHTS

- Sales were \$113,181,000 compared with \$113,711,000 in 1976. The substantial increase in the sales of stores in Alberta was more than offset by a major decline in B.C. store sales and, to a lesser extent, the sales of stores in Saskatchewan and Manitoba.
- The Retail Division's earnings declined despite an increase in gross margin as expenses continued to increase and the performance of the larger B.C. stores was seriously affected by a lack of professional sales.
- Two new stores were built at existing locations, six stores had major expansions of their selling space and two smaller marginal stores were closed.
- The Company opened a new 50,000 sq. ft. distribution centre in Calgary which is more than double the size of the facility used formerly. This distribution centre supplies the stores with approximately 40% of their hardware, floorcovering, electrical and plumbing product requirements.
- The sales of Revy Homes declined significantly and represented less than 10% of the Division's sales.
- Capital expenditures amounted to \$4,247,000 compared with \$2,111,000 in 1976.

Revelstoke's Retail Division consists of 106 stores located throughout western Canada with 54 in Alberta, 26 in Saskatchewan, 14 in British Columbia and 12 in Manitoba. These stores are generally referred to as "home improvement centres" and carry a complete selection of lumber products, paneling, building materials, tools, paint, wallpaper, carpeting, hardware, kitchen cabinets, insulation, electrical supplies, plumbing items and heating equipment. The Company also sells prebuilt farm buildings and

manufactured houses under the name "Revy Homes." In 1977 the Retail Division represented 73.8% of Revelstoke's total sales.

DESCRIPTION OF BUSINESS

The Company's home improvement centres serve both do-it-yourself customers and professional buyers with a complete range of products to provide one stop shopping for their building, home decorating and repair needs. Revelstoke's retail customers are home-owners, farmers, ranchers and, to a limited extent, apartment dwellers. The professional buyers include builders, tradesmen, local industries, institutions and municipalities. All of these customers require many of the products carried by Revelstoke's stores in their normal course of business.

In 1977 approximately 62% of the Retail Division's sales were to retail customers, 30% to builders and tradesmen and 8% to industrial and institutional customers. This customer breakdown varies, however, from store to store.

Revelstoke is committed to allocating the substantial majority of its resources and management attention to the Company's retail activities. This means concentrating on the do-it-yourself or "DIY" home improvement and building material business which has the following characteristics:

- This is an extremely large sector of the retail industry. In Canada it is estimated that the total retail sales, by all types of outlets, of the products carried by Revelstoke's stores were in excess of \$5 billion last year.
- This is one of the most highly fragmented areas of the retail industry. The six largest retailers of home improvement related merchandise account for less than 17% of the total market in Canada.
- This is one of the fastest growing forms of retailing in Canada today. The retail sales of DIY home improvement products should

experience an average real growth rate of close to 10% per annum for at least the next five years.

- To a large extent, the retail home improvement and building material business is a young industry. In Canada, the present store format of the leading retailers has only been in place for the past five years. Furthermore, the industry has experienced virtually a revolution in the merchandising methods utilized by the major participants since the early 1970's.
- While the DIY home improvement industry has recently emerged as one of the "glamour" sectors of retailing, there are certain sizeable barriers to effective entry into this business. Having substantial amounts of capital and being able to open large super-stores is by no means the key to success. Retailers who have tried to get into the DIY retail business are discovering that it is extremely difficult to handle the most important or "gut" product lines, namely lumber and building materials, unless you possess significant expertise in that area. Secondly, more than most other types of retailing, in order to operate a successful chain of home improvement stores you have to have a large number of store managers and key sales people who have considerable experience with the principal product lines. Thirdly, store sites usually require special zoning to permit the outside storage of lumber and building materials. All of these factors are most difficult to duplicate for newcomers to the business.
- The impact of higher energy and fuel costs is going to affect this business less than most other types of retailers. The ramifications of the escalation in these costs are that consumers are definitely going to want "one stop" shopping, are going to have less discretionary income and hence are almost going to be forced to become DIY'ers, and are going to spend a

great deal to ensure that their houses are properly insulated.

- Most DIY retailers have the advantage of not being dependent upon new shopping centre projects for new store locations.

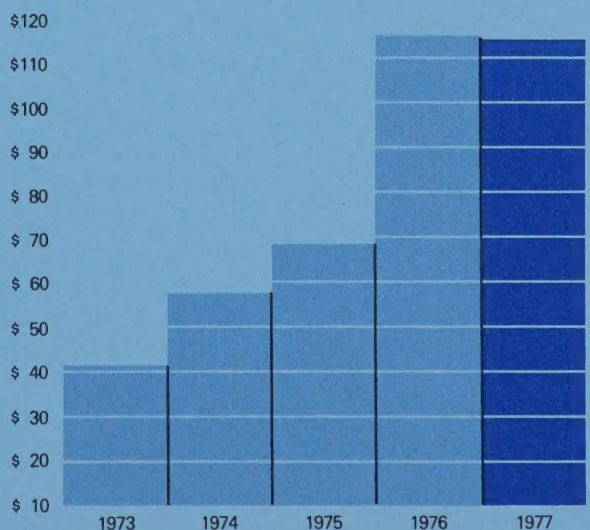
WHY THIS IS A GROWTH MARKET

The basic factors contributing to the growth in DIY home improvement sales are as follows:

- Rising house prices and high mortgage rates tend to lock families into their existing units which encourages them to upgrade their present homes as opposed to buying a larger or better home.
- Rising property values have clearly demonstrated to homeowners that by far their best and most important investment is their home which is a strong motivator for homeowners to improve and maintain their existing homes.

RETAIL DIVISION SALES

(Millions of Dollars)



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- Rising labour rates for tradesmen and the greater availability of both DIY materials and advice have caused an increasing number of homeowners to realize they can save substantial amounts by doing their own home improvement projects.
 - Once a homeowner breaks the psychological barrier of doing a home improvement project himself, he almost inevitably tries increasingly larger projects. More and more DIY customers are therefore going to undertake larger projects which obviously involve bigger ticket sales of DIY products.
 - Both the manufacturers and retailers of DIY products are becoming much more aggressive and skillful at marketing to the ultimate consumer whereas formerly this was not the case. This means that the overall market is going to increase as more and more people become persuaded to join the ranks of do-it-yourselfers.

Given the current economic outlook for Revelstoke's principal markets, the Retail Division should be able to achieve an increase in sales and earnings in 1978. In addition to planning a number of new stores in western Canada, the Company is also considering expanding into the western United States.

In order to achieve maximum success in this business, Revelstoke intends to offer one stop shopping to its customers, to specialize in lumber and building material products, to keep operating costs down in order to be able to offer highly competitive prices, and to provide customers with superior service. In every respect, we are committed to being a leader in serving the do-it-yourself retail market.

OUTLOOK FOR 1978

Looking ahead several years, the disparity in economic growth and prosperity between the different regions of Canada is likely to become even more pronounced than in the recent past. While the national economic statistics for Canada as a whole are probably going to be unimpressive at best, certain provinces will record attractive growth rates and population increases for the foreseeable future. Our Company is strategically positioned to take advantage of this situation.

HIGHLIGHTS OF FINANCIAL POSITION

SOURCE OF FUNDS 1977	
OPERATIONS	33.28%
SALE OF FIXED ASSETS	16.79%
SHARE CAPITAL	3.14%
LONG TERM DEBT.....	46.79%
	100.00%

APPLICATION OF FUNDS 1977	
FIXED ASSETS INCL. GOODWILL...	39.31%
RETIREMENT OF DEBT.....	6.44%
DIVIDENDS	3.95%
PURCHASE OF PREFERRED SHARES	0.27%
ACQUISITION OF SUBSIDIARY	3.08%
NOTES RECEIVABLE.....	1.59%
WORKING CAPITAL	45.36%
	100.00%

ASSETS 1977	
CASH	4.48%
ACCOUNTS RECEIVABLE	23.17%
INVENTORIES	45.69%
NOTES RECEIVABLE	0.59%
FIXED ASSETS (NET)	25.30%
GOODWILL	0.77%
	100.00%

LIABILITIES AND SHAREHOLDERS' EQUITY 1977	
BANKS AND LOANS.....	27.77%
OTHER CURRENT LIABILITIES	14.21%
LONG TERM DEBT.....	18.54%
DEFERRED TAXES & MINORITY INTEREST	1.81%
SHAREHOLDERS' EQUITY.....	37.67%
	100.00%

INVENTORY BY DIVISION 1977	
RETAIL	82.52%
CONCRETE.....	5.05%
LUMBER.....	12.43%
	100.00%

FIXED ASSETS BY DIVISION 1977	
RETAIL	53.71%
CONCRETE.....	19.42%
LUMBER.....	26.87%
	100.00%

SALES BY DIVISION 1977	
RETAIL	73.84%
CONCRETE.....	18.28%
LUMBER.....	7.88%
	100.00%

SALES BY PROVINCE 1977	
ALBERTA	57.1%
BRITISH COLUMBIA	23.0%
SASKATCHEWAN	15.5%
MANITOBA	4.4%
	100.00%

BREAKDOWN OF EVERY \$1 SALES 1977	
COST OF SALES, SELLING AND ADMINISTRATION.	73.73%
PERSONNEL COSTS	17.58%
NET EARNINGS	2.86%
INCOME TAXES	1.91%
DEPRECIATION AND DEPLETION ...	1.38%
INTEREST.....	2.54%
	100.00%

Consolidated Statement of Current and Retained Earnings

For The Year Ended December 31

	1977	1976
Current Earnings		
Sales — Retail Division	\$113,181,401	\$113,710,911
Concrete Division	28,020,703	27,047,721
Lumber Division	12,072,773	8,143,180
	<u>153,274,877</u>	<u>148,901,812</u>
 Costs and Expenses		
Cost of Sales, Selling, General and Administrative	140,441,284	135,804,889
Depreciation, Depletion and Amortization (Note 1)	2,118,506	1,892,448
Interest (Long Term: 1977 — \$1,377,663; 1976 — \$1,062,880)	3,891,216	3,361,870
	<u>146,451,006</u>	<u>141,059,207</u>
	6,823,871	7,842,605
Gain on Disposal of Fixed Assets	495,957	229,745
Earnings before Income Taxes	<u>7,319,828</u>	<u>8,072,350</u>
 Provision for Income Taxes		
Current	3,611,960	3,564,790
Deferred	(680,846)	136,203
	<u>2,931,114</u>	<u>3,700,993</u>
Earnings before Minority Interest	4,388,714	4,371,357
Minority Interest	3,181	53,647
Net Earnings for the Year	<u>\$ 4,385,533</u>	<u>\$ 4,317,710</u>
 Net Earnings per Common Share (Note 1)		
Basic	<u>\$1.09</u>	<u>\$1.08</u>
Gain on Disposal of Fixed Assets Net of Tax, included above	<u>\$0.09</u>	<u>\$0.04</u>
 Retained Earnings		
Balance at Beginning of Year	\$ 19,763,663	\$ 16,052,857
Additions		
Net Earnings for the Year	4,385,533	4,317,710
	<u>24,149,196</u>	<u>20,370,567</u>
 Deductions		
Dividends on Preference Shares	119,633	121,686
Dividends on Common Shares	512,788	485,218
Balance at End of Year	<u>\$ 23,516,775</u>	<u>\$ 19,763,663</u>

Consolidated Statement of Changes in Financial Position

For The Year Ended December 31

	1977	1976 (Restated)
Source of Funds		
Net Earnings for the Year	\$ 4,385,533	\$ 4,317,710
Add (Deduct) Items Not Affecting Funds From Operations		
Depreciation, Depletion and Amortization (Note 1)	2,118,506	1,892,448
Deferred Income Taxes	(680,846)	136,203
Gain on Disposal of Fixed Assets	(495,957)	(229,745)
Other	809	45,721
Funds from Operations	5,328,045	6,162,337
Long Term Debt	7,492,105	60,000
Proceeds on Disposal of Fixed Assets	2,688,656	615,370
Shares Issued	502,037	216,971
	<u>16,010,843</u>	<u>7,054,678</u>
Application of Funds		
Fixed Assets	6,257,456	3,029,986
Purchase of Preference Shares	42,790	24,523
Dividends	632,421	606,904
Long Term Debt	1,031,738	926,930
Goodwill	36,300	—
Notes Receivable	254,507	218,908
Acquisition of Subsidiary Companies (Less Working Capital at Date of Acquisition)	493,653	475,986
	<u>8,748,865</u>	<u>5,283,237</u>
Increase in Working Capital	7,261,978	1,771,441
Working Capital at Beginning of Year	17,897,236	16,125,795
Working Capital at End of Year	<u>\$25,159,214</u>	<u>\$17,897,236</u>
Changes in Components of Working Capital		
Current Assets		
Cash	\$ 731,448	\$ 585,147
Accounts Receivable	(1,147,748)	5,091,932
Inventories	2,079,626	6,968,208
	<u>1,663,326</u>	<u>12,645,287</u>
Current Liabilities		
Bank Indebtedness	3,286,796	(994,421)
Short Term Loans	(7,332,587)	13,272,329
Accounts Payable and Accrued Liabilities	(653,140)	(1,596,067)
Income Taxes Payable	(834,306)	414,303
Long Term Debt Due Within One Year	(65,415)	(222,298)
	<u>(5,598,652)</u>	<u>10,873,846</u>
Increase in Working Capital	<u>\$ 7,261,978</u>	<u>\$ 1,771,441</u>

Consolidated Balance Sheet

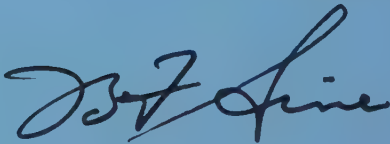
December 31

ASSETS

	1977	1976 (Restated)
Current Assets		
Cash.....	\$ 3,593,359	\$ 2,861,911
Accounts Receivable.....	18,590,984	19,738,732
Inventories, Valued at the Lower of Cost or Net Realizable Value (Note 2).....	<u>36,651,076</u>	<u>34,571,450</u>
	58,835,419	57,172,093
Notes Receivable (Note 6).....	473,415	218,908
Property, Plant and Equipment, at Cost (Notes 1 and 3).....	37,447,681	33,990,602
Less: Accumulated Depreciation and Depletion.....	<u>17,148,753</u>	<u>15,749,842</u>
	20,298,928	18,240,760
Goodwill, less Amortization (Note 1).....	616,334	463,502
Total Assets.....	<u><u>\$80,224,096</u></u>	<u><u>\$76,095,263</u></u>

APPROVED BY THE BOARD:

Director



Director



LIABILITIES AND SHAREHOLDERS' EQUITY

	1977	1976
Current Liabilities		
Bank Indebtedness	\$ 5,957,902	\$ 2,671,106
Short Term Loans	16,317,313	23,649,900
Accounts Payable and Accrued Liabilities	9,835,545	10,488,685
Income Taxes Payable	700,873	1,535,179
Long Term Debt Due Within One Year (Note 4)	864,572	929,987
	<u>33,676,205</u>	<u>39,274,857</u>
Long Term Debt (Note 4)	14,873,023	8,399,818
Deferred Income Taxes	1,264,899	1,945,745
Minority Interest	191,863	453,886
Shareholders' Equity		
Capital Stock (Note 5)		
Preference Shares Issued	1,962,880	2,020,880
Common Shares Issued	4,738,451	4,236,414
Retained Earnings	<u>23,516,775</u>	<u>19,763,663</u>
Total Shareholders' Equity	30,218,106	26,020,957
Commitments (Note 7)		
Total Liabilities and Shareholders' Equity	<u>\$80,224,096</u>	<u>\$76,095,263</u>

Notes to Consolidated Financial Statements

December 31, 1977

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and all of its subsidiary companies from their effective dates of acquisition. All of the subsidiary companies are wholly owned with the exception of Revelstoke-Lafarge Ltd., which is 85% owned. Inter-company balances and transactions are eliminated.

DEPRECIATION

	Basis	Rate
Buildings	Straight-line	2.5% - 5%
Machinery and Equipment	Straight-line	10% - 30%
Logging Access Roads	Unit of production	Based on estimated reserves
Sand and Gravel Rights and Properties	Unit of production	Based on estimated reserves if not leased for fixed period
Timber Rights and Leases	Straight-line	5%

GOODWILL

Goodwill acquired after December 31, 1973 in conjunction with the purchase of fixed assets and subsidiaries is being amortized over periods ranging from five to forty years.

NET EARNINGS PER COMMON SHARE

The basic earnings per share are calculated using the weighted average of shares outstanding for the year.

COMPARATIVE FIGURES

Certain 1976 figures have been restated to conform with 1977 presentation.

NOTE 2 INVENTORIES

INVENTORY VALUES BY DIVISION ARE AS FOLLOWS:

	1977	1976
Retail Division	\$30,244,684	\$28,120,371
Concrete Division	1,852,593	1,770,111
Lumber Division	4,553,799	4,680,968
	<u>\$36,651,076</u>	<u>\$34,571,450</u>

NOTE 3 PROPERTY, PLANT AND EQUIPMENT

	1977		1976	
	Cost	Net Book Value	Cost	Net Book Value
Land	\$ 3,567,472	\$ 3,567,472	\$ 2,784,714	\$ 2,784,714,
Buildings.....	11,885,851	7,947,208	10,558,438	6,929,231
Machinery and Equipment	16,291,216	6,395,369	15,339,259	6,016,656
Logging Access Roads	2,783,232	1,040,787	2,362,981	1,014,401
Sand and Gravel Rights and Properties ..	681,554	449,592	706,854	485,799
Timber Rights and Leases	2,238,356	898,500	2,238,356	1,009,959
	<u>\$37,447,681</u>	<u>\$20,298,928</u>	<u>\$33,990,602</u>	<u>\$18,240,760</u>

NOTE 4 LONG TERM DEBT

	1977	1976
Sinking Fund Debentures, 10%% due 1997 (Annual sinking fund requirement \$300,000, commencing June 15, 1980)	\$ 6,914,870	\$ —
Sinking Fund Debentures, 11%% due 1990 (Annual sinking fund requirement \$600,000, commencing July 31, 1981)	6,233,939	6,228,688
Sinking Fund Debentures, 6.5% due 1981 (Annual sinking fund requirement \$297,720)	740,529	1,041,191
Serial Debentures, 10% (Repayable \$200,000 annually, 1978 to 1980)	593,540	791,041
Serial Notes, 10% (Repayable \$139,600 annually, 1978 to 1980)	418,800	558,400
8% Convertible Term Notes (Repayable \$200,000 annually or at the option of the holder convertible into common shares of the Company at \$14.515 per share in 1978)	200,000	400,000
Purchase Money Mortgages (Repayable over various terms to 1999 at rates varying from 9½% to 11½%)	595,917	—
10% Mortgage (Repayable \$20,000 annually 1978 and 1979) ..	40,000	310,485
	<u>15,737,595</u>	<u>9,329,805</u>
Long Term Debt Due Within One Year	864,572	929,987
	<u>\$14,873,023</u>	<u>\$ 8,399,818</u>

The Trust Indenture governing the Sinking Fund 6.5% 1981 Debentures provides that the Company cannot become liable upon any additional funded obligations which in any year prior to September 1, 1981 mature in amounts that exceed the sinking fund payments unless the latter are correspondingly increased, except that up to 30% of any subsequent issue of debentures may be issued as Serial Debentures having annual serial maturities prior to September 1, 1981.

Aggregate annual maturities for the next five years are as follows:

1978.....	\$864,572
1979.....	\$674,320
1980.....	\$815,731
1981.....	\$908,629
1982.....	\$909,589

NOTE 5 CAPITAL STOCK

PREFERENCE SHARES

The 300,000 authorized preference shares of a par value of \$20.00 each are issuable in series, of which 125,000 have been designated as 6% cumulative redeemable shares 1961 series and are redeemable at \$20.50 plus any accrued and unpaid dividends as at the date of redemption and 9,351 have been designated as 1% non-cumulative redeemable preference shares 1970 series.

The 6% cumulative redeemable shares 1961 series issued and outstanding are as follows:

	1977		1976	
	Shares	Amount	Shares	Amount
Balance, beginning of year.....	101,044	\$2,020,880	103,079	\$2,061,580
Purchased on open market and tendered for cancellation	2,900	58,000	2,035	40,700
Balance, end of year	98,144	\$1,962,880	101,044	\$2,020,880

COMMON SHARES

10,000,000 common shares of no par value are authorized. Common shares issued and outstanding are as follows:

	1977		1976	
	Shares	Amount	Shares	Amount
Balance, beginning of year	3,904,962	\$4,236,414	1,930,261	\$4,019,443
Issued on purchase of additional interest in subsidiary	21,531	149,762	15,470	125,908
Issued on 2:1 stock split	—	—	1,945,731	—
Issued for cash under employee stock option plan	27,000	83,025	—	—
Issued for cash under employee stock purchase plan	36,000	269,250	13,500	91,063
	<u>3,989,493</u>	<u>\$4,738,451</u>	<u>3,904,962</u>	<u>\$4,236,414</u>
Shares reserved for conversion of 8% Convertible Term Notes				13,779
Shares reserved for employee stock purchase plan				<u>281,766</u>
				<u>295,545</u>

NOTE 6 STATUTORY REQUIREMENTS

- (a) The remuneration of directors and senior officers in 1977 amounted to \$463,500 compared to \$470,565 in 1976.
- (b) The Company has a Stock Purchase Plan which provides that employees will be entitled to purchase common shares of the Company in such amounts as the Directors shall approve at a price equal to the closing price on the Toronto Stock Exchange on the date the shares are purchased. The Company advances to such employees by way of loan the purchase price of such shares and the employee gives the Company a promissory note payable without interest at a date determined by the Directors and as security for such loan the employee pledges the shares of the Company purchased by him pursuant to the Plan.

During the year the Company lent \$147,187 (1976 — \$91,339) to certain officers for the purchase of common shares of the Company. Total notes receivable under the Plan from officers and other employees who are shareholders of the Company at December 31, 1977 are \$473,415 (1976 — \$218,908).

NOTE 7 COMMITMENTS

At December 31, 1977, the Company operated 106 stores. The properties relating to 94 of these stores are owned with those relating to the other 12 being leased for terms varying from five to twenty years at minimum annual rentals (exclusive of taxes, insurance and other occupancy charges) as shown below. The Company also has equipment under lease for terms varying from five to seven years.

The lease payments required over the next five years are as follows:

	<u>Properties</u>	<u>Equipment</u>
1978	\$701,034	\$1,628,320
1979	\$721,306	\$1,558,210
1980	\$681,105	\$1,343,383
1981	\$681,105	\$1,130,071
1982	\$681,525	\$ 939,689

NOTE 8 ANTI-INFLATION PROGRAM

The Company is subject to controls on prices, profits, compensation and dividends under the Federal Anti-Inflation Program.

Auditors' Report

To the Shareholders of
Revelstoke Companies Ltd.

We have examined the consolidated balance sheet of Revelstoke Companies Ltd. as at December 31, 1977 and the consolidated statements of current and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the consolidated financial position of the Company as at December 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

March 28, 1978

Chartered Accountants

CONCRETE DIVISION

1977 HIGHLIGHTS

- Sales were \$28,021,000 compared with \$27,048,000 in the prior year. Revelstoke's sand and gravel operations accounted for a higher proportion of this Division's sales than in 1976.
- The Concrete Division experienced slightly lower earnings resulting from increased costs and more intense competition in a number of markets.
- Capital expenditures were \$1,127,000 compared with \$330,000 in 1976. Additional purchases of \$1,518,000 of mobile equipment were financed through sale and leasebacks compared with \$1,294,000 similarly financed in 1976.
- In 1977 the Company purchased a concrete plant at Claresholm, Alberta.

The Concrete Division operates 20 redi-mix concrete plants with 14 situated in Alberta, four in Saskatchewan and two in British Columbia. Revelstoke operates sand and gravel deposits at six of these plants to supply its own needs as well as to sell to other customers. The Concrete Division represented 18.3% of the Company's total sales in 1977.

DESCRIPTION OF BUSINESS

Concrete is a highly versatile construction material consisting of cement, sand, gravel and several other additives which are mixed on a controlled basis at Revelstoke's plants. These plants utilize up-to-date batching equipment and the support of the Division's engineering and quality control personnel to meet the specific requirements of customers.

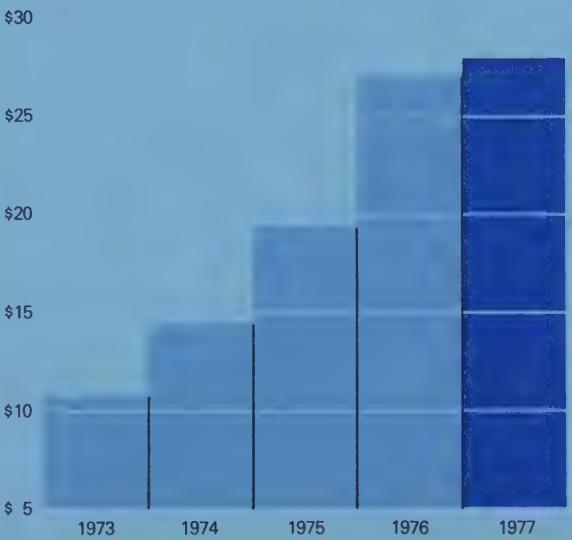
The Company's plants service a substantial number of customers in a variety of different types and sizes of markets. Consequently none of the plants are dependent upon a continuing supply of large projects or a limited number of major customers to ensure a satisfactory level of operations. Revelstoke's local manager at 14

of the 20 plants is also responsible for the Company's retail business in the same community. This joint management is an advantage for Revelstoke in supplying all of the materials required for almost any building project in those markets.

OUTLOOK FOR 1978

While most of the Company's plants are in areas which should benefit from an increase in construction activity in 1978, increased competition from new and sometimes marginal operators will affect any growth in the Company's sales and profitability. In addition, labour costs are likely to escalate in the latter part of the year as many labour contracts in the construction industry expire but are no longer subject to the anti-inflation wage controls. Nevertheless, there are reasonable grounds for expecting the Concrete Division to increase its sales and earnings in 1978 with the outlook for construction in the Company's principal markets.

CONCRETE DIVISION SALES
(Millions of Dollars)



LUMBER DIVISION

1977 HIGHLIGHTS

- Sales were \$12,073,000 compared with \$8,143,000 in 1976. This excludes inter-company sales which were \$6,617,000 in comparison with \$5,183,000 in the prior year.
- The Lumber Division produced a slight profit compared with a before tax operating loss of \$1,177,000 in 1976.
- Revelstoke's four lumber mills shipped 113,722,000 board feet of lumber compared with 85,790,000 board feet in 1976. During the year, chip revenue declined by approximately 10%.
- Capital expenditures in the Lumber Division amounted to \$883,000 compared with \$589,000 in the prior year with most of the funds required for building access roads to timber quotas.

Revelstoke's Lumber Division operates one lumber mill in British Columbia at Radium and three in Alberta at Rocky Mountain House, Sentinel and Sundre. In addition, the Company has a post and pole treating plant adjacent to the Sundre lumber mill. Last year the Lumber Division represented 7.9% of Revelstoke's total sales.

DESCRIPTION OF BUSINESS

The Company's mills produce spruce, fir and a small amount of cedar lumber. Revelstoke has timber quotas totalling 103,200,000 board feet with 64,000,000 at Radium, 17,900,000 at Sentinel, 12,300,000 at Rocky Mountain House and 9,000,000 at Sundre.

Approximately 31.9% of the combined production of the mills was sold to the Company's own stores, 42.4% to lumber brokers in Canada and 25.7% to export customers in the U.S. Revelstoke's stores purchased about 42.1% of their total lumber requirements in 1977 from the Company's own mills.

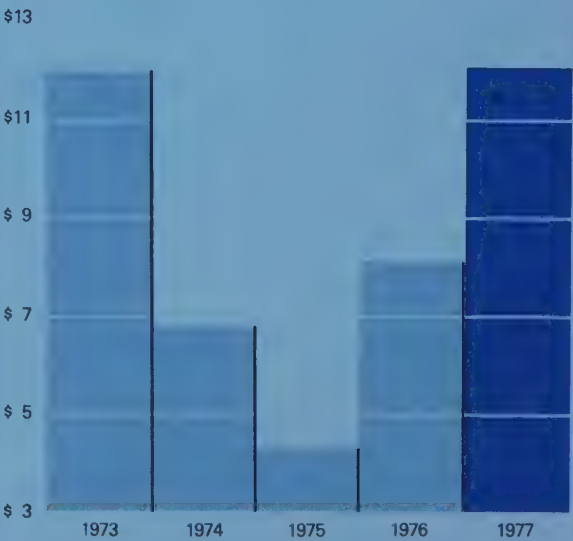
OUTLOOK FOR 1978

The benefits from the improvement in lumber prices last year were more than offset by the restrictions placed on the profitability of Revelstoke's largest mill by the Anti-Inflation Board as this mill operates as a separate subsidiary. Under normal conditions, the Company's Lumber Division would have generated substantially larger earnings in 1977.

This situation will continue to be an inhibiting factor through 1978 for the Radium Mill. On the other hand, Revelstoke's Alberta mills are expected to experience an increase in profitability as a result of obtaining higher lumber prices and producing a better mix of lumber grades. In this regard, it is anticipated that the current housing boom in the U.S. underlying the strength of lumber prices will continue through most of 1978.

LUMBER DIVISION SALES

(Millions of Dollars)



COMPANY LOCATIONS

ALBERTA

ACME — Store
AIRDRIE — Store
ALIX — Store
ATHABASCA — Store
BENTLEY — Store
BROOKS — Store, Concrete Plant
CALGARY — 5 Stores,
Concrete Plant, Head Office
CAMROSE — Store, Concrete Plant
CARSTAIRS — Store
CASTOR — Store
CLARESHOLM — Concrete Plant
CORONATION — Store
CROSSFIELD — Store
DAYSLAND — Store
DIDSBURY — Store
DRUMHELLER — Store
ECKVILLE — Store
EDMONTON — 2 Stores,
Concrete Plant
GRANDE PRAIRIE — Store,
Concrete Plant
HARDISTY — Store
HANNA — Store
HIGH RIVER — Store
HOLDEN — Store
INNISFAIL — Store
LACOMBE — Store
LAC LA BICHE — Store
LEDUC — Store
LEGAL — Store
LETHBRIDGE — Store,
Concrete Plant
MEDICINE HAT — Store,
Concrete Plant
NANTON — Store
OKOTOKS — Store
OLDS — Store, Concrete Plant
PEACE RIVER — Store,
Concrete Plant
PICTURE BUTTE — Store
PONOKA — Store, Concrete Plant

RED DEER — Store, Concrete Plant
ROCKY MTN. HOUSE —
Store, Lumber Mill
SENTINEL — Lumber Mill
SUNDRE — Store, Lumber Mill
SYLVAN LAKE — Store
TABER — Store, Concrete Plant
TWO HILLS — Store
VAUXHALL — Store
VEGREVILLE — Store
VERMILION — Store
VIKING — Store
VULCAN — Store
WAINWRIGHT — Store
WETASKIWIN — Store,
Concrete Plant
WHITECOURT — Store

BRITISH COLUMBIA

CRANBROOK — Store
CRESTON — Store
DAWSON CREEK — Store,
Concrete Plant
DUNCAN — Store
FORT ST. JOHN — Store,
Concrete Plant
KELOWNA — Store
LADYSMITH — Store
NANAIMO — Store
PARKSVILLE — Store
PENTICTON — Store
PORT ALBERNI — Store
RADIUM — Lumber Mill
RUTLAND — Store
VICTORIA — Store
WHITE ROCK — Store

MANITOBA

BOISSEVAIN — Store
BRANDON — Store
CYPRESS RIVER — Store
DAUPHIN — Store
FLIN FLON — Store
HAMIOTA — Store

MORDEN — Store
PORTAGE la PRAIRIE —
Store
SWAN RIVER — Store
THE PAS — Store
THOMPSON — Store
VIRDEN — Store

SASKATCHEWAN

BATTLEFORD — Store,
Concrete Plant
BIRCH HILLS — Store
CUDWORTH — Store
DAVIDSON — Store
ELROSE — Store
FOX VALLEY — Store
GULL LAKE — Store
HUMBOLDT — Store
LEADER — Store
LUMSDEN — Store
MEADOW LAKE — Store,
Concrete Plant
MELFORT — Store
PONTEIX — Store
PREECEVILLE — Store
PRELATE — Store
PRINCE ALBERT — Store
REGINA — Store
ROSETOWN — Store
ROSTHERN — Store
SASKATOON — 2 Stores,
Concrete Plant
SWIFT CURRENT — Store,
Concrete Plant
TISDALE — Store
UNITY — Store
WATROUS — Store
YORKTON — Store

FINANCIAL REVIEW

For the Years Ended December 31

	5 Year Compound Growth Rates 1972 - 1977	1977	1976
INCOME STATEMENT			
Total Sales	29.1%	\$153,274,877	\$148,901,812
Pre-Tax Earnings	19.5%	7,319,828	8,072,350
Income Taxes	15.2%	2,931,114	3,700,993
Net Earnings	23.3%	4,385,533	4,317,710
Cash Flow	12.4%	5,328,045	6,162,337
PER SHARE			
Sales	26.8%	38.99	38.13
Earnings (1)	22.5%	1.09	1.08
Cash Flow	10.5%	1.36	1.58
Dividends	13.2%	0.13	0.125
Shareholders' Equity (2)	13.8%	7.08	6.15
BALANCE SHEET			
Working Capital	31.0%	25,159,214	17,897,236
Fixed Assets	11.2%	20,298,928	18,240,760
Long Term Debt	37.7%	14,873,023	8,399,818
Shareholders' Equity	14.3%	30,218,106	26,020,957
Total Assets	19.0%	80,224,096	76,095,263
RATIOS			
Current Assets to Current Liabilities ..		1.75	1.46
Equity Capital to Long Term Debt . . .		2.03	3.10
Return on Assets		5.76%	6.96%
Return on Shareholders' Equity		16.85%	19.50%
OTHER INFORMATION			
Common Shares Outstanding		3,989,493	3,904,962
Shareholders at Year End		883	897
Common Share Price Range — High .		\$9.25	\$8.00
— Low . .		\$6.63	\$3.90
Employees at Year End		1930	2035

(1) Earnings per share are calculated after deducting preferred dividends and are based on the weighted average number of shares outstanding during the year.

1975	1974	1973	1972
\$ 93,304,451	\$ 80,343,318	\$ 63,170,831	\$ 42,808,839
4,701,058	4,842,936	6,386,970	3,000,066
2,129,849	2,384,540	3,037,743	1,444,563
2,530,973	2,435,119	3,332,146	1,541,384
3,611,187	3,907,694	5,364,260	2,970,012
24.17	20.94	16.54	11.89
0.625	0.605	0.885	0.395
0.935	1.02	1.48	0.825
0.10	0.10	0.085	0.07
5.20	4.68	4.18	3.71
16,125,795	10,130,895	10,048,005	6,524,107
17,242,083	14,558,102	13,113,984	11,946,085
9,258,497	3,028,320	4,015,757	3,008,866
22,133,880	20,053,729	18,126,836	15,501,854
62,080,918	49,692,146	43,569,418	33,558,810
1.57	1.41	1.49	1.44
2.39	6.62	4.51	5.15
5.09%	5.59%	9.92%	6.30%
12.62%	13.43%	21.50%	10.81%
3,860,522	3,837,030	3,820,030	3,600,030
899	906	760	735
\$4.57	\$6.56	\$6.44	\$3.94
\$2.88	\$2.50	\$3.82	\$2.25
1650	1300	1250	1100

(2) Shareholders' equity per share is calculated using the total of the common share capital and retained earnings.

COMPANY DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

GERALD A. BERKHOLD

Vice President
Calgary, Alberta

ARTHUR J.E. CHILD

President
Burns Foods Limited
Calgary, Alberta

STEELE CURRY

President of the Company
Calgary, Alberta

NEIL B. IVORY

President
Pembroke Management Ltd.
Montreal, Québec

JOHN E. SANDS, C.A.

Vice President
Trucena Investments Limited
Toronto, Ontario

JOHN L. SCHLOSSER

President
Tri-Jay Investments Ltd.
Edmonton, Alberta

BRETT F. SINE

Chairman of the Board of the Company
Calgary, Alberta

ROBERT L. STRICKLAND

Executive Vice-President
Lowe's Companies Inc.
North Wilkesboro, North Carolina

ARTHUR J. VINCENT

President
Smith, Vincent & Co. Ltd.
Winnipeg, Manitoba

OFFICERS

STEELE CURRY

President. Joined Revelstoke in that position in 1971 after being with Triarch Corporation Limited and The T. Eaton Company. Received M.B.A. from Harvard University in 1964, B.A. from Stanford University in 1962. Age 37.

GERALD A. BERKHOLD

Vice President Operations. Joined Revelstoke in that position in 1972 after being with Triarch Corporation Limited and the Canadian Imperial Bank of Commerce. Received B. Comm. from the University of Alberta in 1960. Age 39.

JOHN B. HALL

Vice President Lumber Trading. Responsible for selling the lumber produced by the Lumber Division and purchasing the lumber required by the Retail Division. Joined Revelstoke in 1938, appointed Vice President in 1960. Age 62.

BRIAN A. HARRIS

Assistant Secretary Treasurer. Responsible for the Company's general corporate, financial and legal affairs in conjunction with the Vice President and Secretary Treasurer. Joined Revelstoke in 1959, appointed Assistant Secretary Treasurer in 1977. R.I.A. Age 37.

KEITH A.C. McDOWELL

Vice President and Secretary Treasurer. Responsible for the Company's general corporate, financial and legal affairs. Joined Revelstoke in 1955, appointed Secretary Treasurer in 1961 and Vice President in 1968. C.A. Age 50.

GORDON D. ROBERTS

Vice President Administration. Responsible for accounting, data processing, general administration and management information systems. Joined Revelstoke in 1975 after being with IBM Canada Limited. Received B. Comm from the University of Alberta in 1960. Age 40.

VICTOR R. ROSKEY

Vice President Merchandising. Responsible for advertising, new store development, purchasing and other merchandising functions in the Retail Division. Joined Revelstoke in 1948, appointed Vice President in 1974. Age 46.

COMPANY OBJECTIVES

- To serve and satisfy an increasing number of customers.
- To provide the men and women in our Company with the opportunity for advancement and increased personal satisfaction.
- To demonstrate entrepreneurship, leadership and high standards throughout the Company.
- To participate in markets which experience above average growth.
- To monitor closely competitive market conditions.
- To keep our manner of doing business simple and economical.
- To strive for excellence as opposed to imitating others and accepting how things were done in the past without question.
- To increase earnings per share and achieve an acceptable return on shareholders' equity.
- To support community affairs where we are located on a basis consistent with the size of our Company.
- To have fun.

GENERAL COMPANY INFORMATION

COMPANY OWNERSHIP

Venture Funding Corporation Limited, a private investment holding company, owns just under 44% of the total outstanding common shares. Venture Funding is Canadian controlled and not a "noneligible person" as defined by the Foreign Investment Review Act of the Canadian federal government. Another 5% of Revelstoke's common shares are held by the principals of Venture Funding as well as other members of management. The remaining shares are held by Canadian institutional and individual shareholders with the exception of approximately 1% of the shares which are held by U.S. and foreign shareholders.

PRINCIPAL SUBSIDIARY COMPANIES AND % OF OWNERSHIP

Revelstoke Home Centres Ltd.	100%
Revelstoke Home Improvement Centres Ltd.	100%
(formerly Eccott Builders Supply Ltd.)	
Revelstoke-Lafarge Ltd.	100%
Revelstoke Sawmill (Radium) Ltd.	100%
Stewart & Hudson Ltd.	100%

PARENT COMPANY INCORPORATION

Province of Alberta, Canada

LISTING OF COMMON AND PREFERRED SHARES

The Toronto Stock Exchange

TRANSFER AGENTS AND REGISTRARS

Common Shares
Montreal Trust Company
Calgary, Toronto, Montreal and Vancouver

PREFERRED SHARES AND TRUSTEES FOR 6½ % DEBENTURES

Canada Permanent Trust Company
Calgary, Toronto, Montreal and Vancouver

AUDITORS

Price Waterhouse & Co.

HEAD OFFICE

Revelstoke Companies Ltd.
Box 2501
508 - 24 Avenue S.W.
Calgary, Alberta T2P 2N2
Phone (403) 266-6071

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at the Glencoe Club, 29 Avenue and 6 Street S.W., Calgary, Alberta on May 18, 1978 at 9:30 a.m.

